

**California Infrastructure and Economic Development Bank**  
**Small Business Finance Center**  
**PEER REVIEW POLICY**  
**(Amended 6-11-2015)**

**Subject: Small Business Loan Guarantee Program Peer Review**

Through a Board Resolution dated November 13, 2013 IBank established Temporary Directives and Requirements to allow the SBLGP to guarantee loans of comparable size to those guarantees issued in the State Small Business Credit Initiative Program. As a result, larger loans were being guaranteed temporarily through the Program and a Peer Review Policy was put in place. Those Directives and Requirements became permanent in May 2015. In November 2013, there were 11 FDC's doing business in the State. At the time the permanent Directives and Requirements went into effect, there were 9 FDCs doing business in the State, necessitating the revision of the peer review policy to ease the burdens of a smaller pool of potential loan committee members.

**I. Peer Review Committee**

Any proposed loan guarantee that is \$1,000,000.00 (one million dollars) or more, or aggregate of guarantee liability per any one business and its affiliates, requires a Peer Review by a Peer Review Committee.

- a. The FDC seeking approval of such a guarantee shall seek Peer Review approval by requesting approval of a Peer Review Committee prior to the execution of the commitment letter and loan guarantee documents.
- b. The Peer Review Committee will be composed of one volunteer per Financial Development Corporation (FDC), who shall be either an FDC President or Chief Credit Officer. The FDC President may designate other experienced Senior Loan Officer(s) with the pre-approval of the IBank Executive Director. Only one volunteer per each FDC may participate in any given Peer Review Committee.
- c. For each guarantee requiring a Peer Review, a minimum of 3 FDC representatives identified in (b) above will form a Peer Review Committee and participate in the approval process.

- d. In order for a loan guarantee to be approved by the Peer Review Committee, the majority of the committee participating must vote in the affirmative, and be so noted in the minutes.

## **II. Process for Forming the Committee**

- a. The Host FDC will notify all FDC Presidents, the SBLGP Program Manager and IBank's Chief Compliance Officer of their proposed Peer Review by email. The email notification must include the following information:
  - 1. Date and time of the proposed Peer Review
  - 2. Borrower's name
  - 3. Loan amount, guarantee percentage and guarantee amount
  - 4. Use of Proceeds summary
  - 5. Proposed term of loan and guarantee
- b. Each FDC will be provided with a list of peer review loan committee volunteers and their contact information.
- c. The first 3 FDCs to respond to the email notification indicating they are available will be selected by the hosting FDC. The Host FDC may permit additional FDCs to participate, subject to the provision in I(b).
- d. The Host FDC will be responsible for coordinating the meeting whether it be a conference call or in person.
- e. The Host FDC shall provide a loan package to those volunteers participating in the Peer Review Committee. The package must be sent out a minimum of two days prior to the meeting. This can be done electronically. The loan package should include the following minimum information:
  - a) FDC Loan write-up
  - b) The lender's Credit Memo
  - c) Minutes from the loan committee presentation
  - d) Borrower's credit report
  - e) Financial statements and/or spreadsheets
  - f) Tax return spreadsheets
  - g) Any other information that is relevant to the credit decision

(Information such as the tax returns, appraisal information, and business plans are not required to be included in the package; however, such information may be made available by request of any volunteer on the Peer Review Committee on a case-by-case basis.)

- f. After the Peer Review Committee meets and adjourns, each participant will send the Host FDC an email indicating their decision. The emails and Peer Review Committee minutes shall be placed in the file with the FDC Loan Committee minutes and Board of Director Meeting minutes, and submitted to IBank as part of IBank's approval process.